

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 MMO-01 OPR-02 /068 W

-----009629 301923Z /43

R 291915Z AUG 78

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8819

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 6797

EO 11652 NA

TAGS EFIN BR

SUBJECT: CRUZIERO DEPRECIATION, FOREIGN TRADE AND RESERVES DATA

REF: A. BRASILIA 6139 B. RIO 3610

1. THE CENTRAL BANK ANNOUNCED THE ELEVENTH MINIDEVALUATION IN 1978 ON THE CRUZEIRO-DOLLAR EXCHANGE RATE EFFECTIVE AUGUST 29. THE INTERVAL SINCE THE LAST CHANGE WAS 15 DAYS, COMPARED TO AN AVERAGE INTERVAL OF 23 DAYS IN 1978 TO DATE. THE NEW RATES OF 18.750 BUYING AND 18.850 SELLING REPRESENT THE FOLLOWING DEPRECIATION :

0.9 PERCENT SINCE THE LAST MODIFICATION; 17.5 PERCENT CUMULATIVE IN THE FIRST 8 MONTHS OF 1978; 26.6 PERCENT CUMULATIVE IN LAST 12 MONTHS.

2. PRELIMINARY AGGREGATE CACEX DATA INDICATE THAT BRAZIL RECORDED A TRADE DEFICIT OF \$79 MILLION IN JULY, WHICH INCREASED THE CUMULATIVE DEFICIT FOR THE PERIOD JANUARY-JULY TO \$535 MILLION. (THE TRADE BALANCE WAS IN SURPLUS BY \$342 MILLION IN THE SAME PERIOD OF 1977.) IN JULY EXPORTS WERE \$1,011 MILLION AND IMPORTS WERE \$1,090 MILLION. CUMULATIVE TRADE

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FOR THE FIRST SEVEN MONTHS OF 1978 AMOUNTED TO EXPORTS OF \$6,855 MILLION AND IMPORTS OF \$7,390 MILLION.

3. IN A MEETING WITH FEDERAL RESERVE GOVERNOR COLDWELL ON AUGUST 21, MINISTER OF FINANCE SIMONSEN CONFIDED THAT GROSS FOREIGN RESERVES HAD REACHED \$9.1 BILLION. THIS LEVEL IMPLIED INCREASES OF APPROXIMATELY \$1 BILLION SINCE THE END OF JUNE AND NEARLY \$2

BILLION SINCE THE END OF 1977.

SAYRE

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Message Attributes

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